

New Supervisor Orientation Internal Controls

RS03

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New Supervisor Orientation

Internal Controls

Internal Controls are an integral component of an organization's management that provides **reasonable** assurance that the following objectives are being achieved:

- Programs and functions achieve their intended results
- Resources are used consistent with the Agency mission
- Programs and functions resources are protected from waste, fraud, and mismanagement
- Laws and regulations are followed
- Reliable and timely information is obtained for decision making

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Internal Controls

- Internal controls are synonymous with management controls and help government managers achieve desired results through the effective stewardship of public resources.
- In the Federal Government, **managers are responsible and accountable** for the quality and timeliness of program performance, increasing productivity, controlling costs, protecting resources, mitigating adverse aspects of operations, and assuring programs and functions are managed with integrity and in compliance with laws.
- Management controls are not stand-alone practices and should benefit rather than encumber management. They are woven into day-to-day operational responsibilities of managers. Management structures and internal controls should be cost effective.

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Examples of Management Controls:

- Reviews by Management
- Physical safeguards over vulnerable assets
- Segregation of duties
- Access restrictions to and accountability for resources and records
- Execution of transactions by only those officials that are authorized
- Certification of Timecards

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Internal Controls

Evaluation and Assessment of Internal Controls

- Internal Management Reviews *
- Government Accountability Office (GAO) *
- Office of Inspector General (OIG) *
- Chief Financial Officer Act (Financial Statement Audit)
- HQ Functional or Programmatic Reviews
- ISO Compliance Audits
- Other Federal, congressional, and executive mandates

*The Policy and Management Controls Office (RS03) within the Office of the Chief Financial Officer is responsible for coordinating all OIG and GAO activity at MSFC and conducts some internal reviews.

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Suggested Guidelines for interacting with OIG and GAO Auditors

Be Cooperative

- Be honest and complete when responding to questions
- Provide timely access to information and people
- Ensure auditor understands NASA's view of the issue

Be Knowledgeable

- Understand the intent and scope of the audit
- Understand how the information given will be used
- Identify information that is sensitive and the nature of the sensitivity
- Identify if information is unofficial, informal, or incomplete
- Volunteer to meet if there are questions
- Know who is responsible to make decisions regarding specific audit issues or problems
- Identify if issues are being developed as early as possible in the audit

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Suggested Guidelines for interacting with OIG and GAO Auditors

Communicate

- Try to minimize surprises to NASA managers
- Inform the MSFC Audit Liaison Representative (RS03) of documents and interviews given – keep a list of data requests and the data provided
- Ask the auditor for findings as early as possible in the audit and resolve any misunderstandings

Things to Avoid when interacting with Auditors

- Don't express opinions or draw conclusions for the auditor
- Don't release embargoed information or information that is not within your purview
- Don't wait for the formal report to start resolving known problems

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Internal Controls

Applicable Documents:

- OMB Circular A-123 “Management’s Responsibility for Internal Control”
- NASA Performance and Accountability Report
- GAO Standards for Internal Control in the Federal Government
- NPD 1200.1D NASA Internal Control and Accountability
- NPD 9910.1 GAO/OIG Audit Liaison, Resolution, and Followup

Useful Website:

<http://www.hq.nasa.gov/office/codej/codejm/mchomepage/mcontrolhp.html>

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